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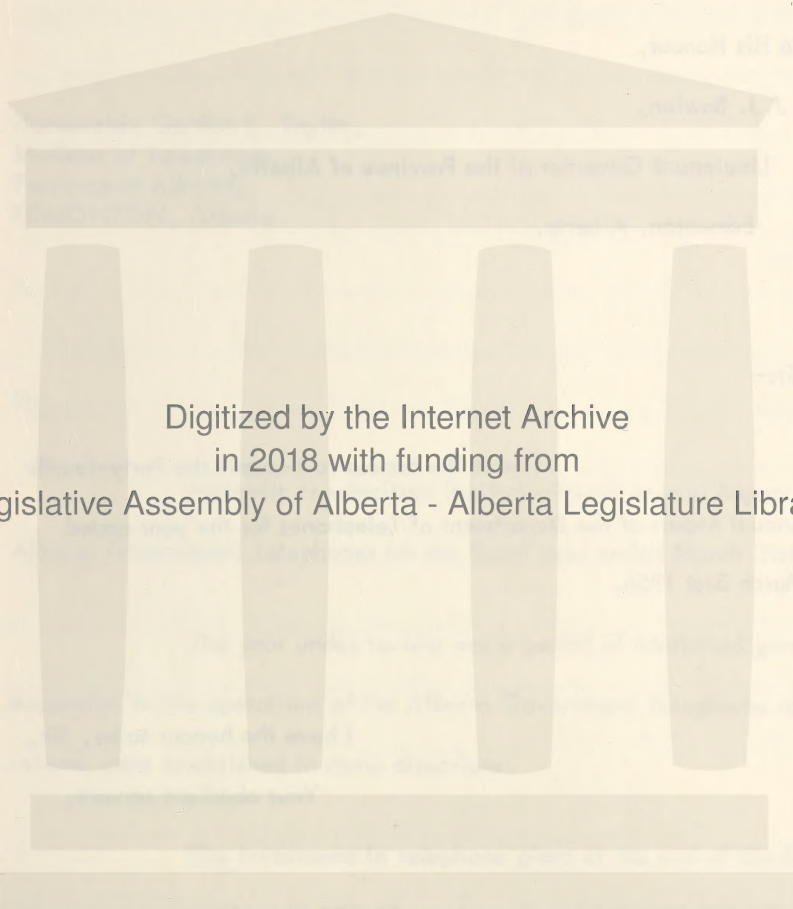
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ANNUAL REPORT

APRIL 1-1955
MARCH 31-1956

ALBERTA GOVERNMENT TELEPHONES



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Edmonton, Alberta,

September 1, 1956.

To His Honour,

J. J. Bowlen,

Lieutenant Governor of the Province of Alberta,

Edmonton, Alberta.

Sir:-

I have the honour to transmit the Forty-fourth
Annual Report of the Department of Telephones for the year ended
March 31st 1956.

I have the honour to be, Sir,

Your obedient servant,

Gordon E. Taylor,

Minister of Telephones.

Edmonton, September 1, 1956.

Honourable Gordon E. Taylor,
Minister of Telephones,
Province of Alberta,
EDMONTON, Alberta.

Sir:

Herewith is submitted the forty-fourth Annual Report of the
Alberta Government Telephones for the fiscal year ended March 31st 1956.

The year under review was a period of continued growth and
expansion in the operations of the Alberta Government Telephones and new
records were established in many directions.

The investment in telephone plant at the end of the fiscal
year amounted to \$76,669,936.00, an increase of \$10,570,738.00, or 16%
over the previous year. This resulted in the largest increase of new tele-
phones, for any one year, in the history of the system, plus the handling of
a record demand for long distance and other communication services.

The system recorded a net gain of 17,989 stations at the end of the year, increasing the total A.G.T. stations in the Province to 148,375. We reported 9,382 applicants waiting for service at March 31st 1955 and notwithstanding the net gain of 17,989 stations, nearly double the original number waiting, the held applications at March 31st 1956 still numbered 6,140. Fortunately, the majority of these have been held for a short time only. However, the result shows the continuing and unprecedented demand for service.

Long distance calls completed during the year totalled 10,681,658, an increase of 1,292,552 or 13.8% over the previous year and this too was the largest increase, for one year, in the system's history.

There are now 513 mobile radio telephone sets and 279 teletypewriter machines in service. It is interesting to note that teletype revenue jumped from \$296,658.00 in 1954-55 to \$526,081.00 this year, an increase of \$229,423.00 or 77%.

Operating revenues totalled \$16,385,985.00, an increase of \$2,317,824.00 or 16.5% over last year and, notwithstanding accompanying higher costs of operation, the net surplus for the year was the highest ever attained. A.G.T. rates for telephone service in Alberta remain as established in 1926, thirty years ago.

Construction of a continent wide microwave radio relay system, stretching 3,800 miles from the Atlantic to the Pacific and the longest of its kind in the world, is progressing satisfactorily. The project, when fully developed, will provide facilities to meet long distance service demands for some time to come and will also furnish facilities for a television network in Canada from coast to coast.

The telephone industry throughout North America is establishing a system whereby the long distance operator can dial the distant called number direct. This is the first step towards the ultimate plan for the subscriber to dial the called number. The Alberta Government Telephones are actively engaged in the initial requirements to coordinate with the master plan.

Satisfactory progress is being maintained in our long range program of converting manually operated exchanges to dial service, the following being changed during the year under review:-

Banff	Jasper
Beiseker	Lloydminster
Brooks	Vegreville

The following is a more detailed report on the year's operations:-

EXCHANGE SERVICE

The total number of Alberta Government Telephones stations in service at the end of the fiscal year was 148,375, consisting of 145,860

exchange stations, 1,225 exchange party line stations, 1,113 pay stations and 177 toll stations. During the year 36,260 telephones were connected and 18,271 disconnected, resulting in a net gain of 17,989 over the March 31st 1955 total of 130,386. As previously mentioned this is the largest gain for one year in the history of the system.

Rural Mutual Companies, numbering 884, showed a net gain of 339 stations to a total of 27,669.

The total number of telephones in service in the Province, as at March 31st 1956, follows:-

Alberta Government Telephones stations	-	148,375
Rural Mutual Company stations	-	27,669
City of Edmonton (Municipal System)	-	<u>75,043</u>
Total Stations	-	<u><u>251,087</u></u>

Of all the A.G.T. stations in service, 113,112 are dial telephones or 76.2%; including Rural Mutual Companies and the City of Edmonton the percentage of dial telephones in the Province is 77.2%.

The following shows the telephone development in the Province during the last ten years:-

<u>Fiscal Year</u> <u>Ended</u>	<u>A. G. T.</u> <u>Stations</u>	<u>Mutual Co.</u> <u>Stations</u>	<u>Private</u> <u>System</u>	<u>Total</u> <u>Stations</u>
Mar. 31-1947	49,365	20,633	26,703	96,701

<u>Fiscal Year Ended</u>	<u>A. G. T. Stations</u>	<u>Mutual Co. Stations</u>	<u>Private System</u>	<u>Total Stations</u>
Mar. 31-1948	55,506	21,382	28,274	105,162
" " -1949	60,739	22,456	30,284	113,479
" " -1950	69,716	23,286	35,328	128,330
" " -1951	78,741	24,144	40,937	143,822
" " -1952	90,337	24,841	47,752	162,930
" " -1953	101,301	25,854	53,989	181,144
" " -1954	118,179	26,599	60,069	204,847
" " -1955	130,386	27,330	67,224	224,940
" " -1956	148,375	27,669	75,043	251,087

Exchange Service Revenue for the year amounted to \$5,916,617.89, an increase of \$701,154.41 over the previous year, or 13.4%, which is accounted for by the substantial number of new subscribers added to the system.

The following illustrates the steady increase in Exchange Service Revenue during the last ten years:-

<u>Fiscal Year Ended</u>	<u>Exchange Service Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1947	\$ 1,942,520.26	\$ 125,589.17	6.9%
" " -1948	2,139,020.79	196,500.53	10.1%
" " -1949	2,386,129.62	247,108.83	11.5%
" " -1950	2,680,963.30	294,833.68	12.3%

<u>Fiscal Year Ended</u>	<u>Exchange Service Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1951	\$ 3,065,790.95	\$ 384,827.65	14.3%
" " -1952	3,485,459.70	419,668.75	13.7%
" " -1953	3,974,899.35	489,439.65	14.0%
" " -1954	4,619,475.26	644,575.91	16.2%
" " -1955	5,215,463.48	595,988.22	12.9%
" " -1956	5,916,617.89	701,154.41	13.4%

During the year the outside plant at four exchanges was completely rebuilt and seven other exchanges partially rebuilt.

TOLL SERVICE

The number of Long distance calls completed set a new record of 10,681,658, compared to 9,389,106 the previous year, a gain of 1,292,552 or 13.8%.

Net toll revenue consequently showed a substantial increase to a record total of \$9,026,130.61, a gain of \$1,264,769.91 or 16.3% over the preceding year. The net toll revenue represents 55.1% of our total operating revenue as against 55.2% last year.

Comparative figures of toll calls completed and net toll revenue for the last ten years are as follows:-

Toll Calls Completed

<u>Fiscal Year Ended</u>	<u>Calls Completed</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1947	4,136,723	504,423	13.9%
" " -1948	4,474,542	337,819	8.1%
" " -1949	5,092,794	618,252	13.8%
" " -1950	5,602,546	509,752	10.0%
" " -1951	6,258,353	655,807	11.7%
" " -1952	6,950,911	692,558	11.1%
" " -1953	7,719,426	768,515	11.0%
" " -1954	8,569,511	850,085	11.1%
" " -1955	9,389,106	819,595	9.6%
" " -1956	10,681,658	1,292,552	13.8%

Net Toll Revenue

<u>Fiscal Year Ended</u>	<u>Net Toll Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1947	\$ 2,419,845.00	\$ 308,135.00	14.6%
" " -1948	2,769,538.00	349,693.00	14.5%
" " -1949	3,255,772.00	486,234.00	17.5%
" " -1950	3,778,735.00	522,963.00	16.1%
" " -1951	4,478,244.00	699,509.00	18.5%
" " -1952	5,111,764.00	633,520.00	14.1%
" " -1953	5,971,295.00	859,530.00	16.8%
" " -1954	6,906,521.00	935,225.00	15.7%
" " -1955	7,761,361.00	854,840.00	12.4%
" " -1956	9,026,130.00	1,264,769.00	16.3%

FINANCIAL

Operating Income

Operating income for the fiscal year again set a new record high, reaching a total of \$16,385,985.40. This is an increase of \$2,317,824.83 over the preceding year or 16.5%. The revenue was derived from the following sources:-

Exchange Service	-	\$ 5,916,617.89
Toll Service (net)	-	9,026,130.61
Connecting Company Fees	-	197,402.76
Miscellaneous Operating Revenue	-	<u>1,245,834.14</u>
Total Operating Revenue	-	<u>\$ 16,385,985.40</u>

In addition to the above there was a non-operating revenue of \$54,066.13.

The following table illustrates the annual improvement in total operating revenues during the past few years:

<u>Fiscal Year Ended</u>	<u>Total Operating Revenues</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1949	\$ 6,089,611.25	\$ 779,430.69	14.6%
" " -1950	6,977,787.78	888,176.53	14.6%
" " -1951	8,117,563.33	1,139,775.55	16.3%
" " -1952	9,306,029.52	1,188,466.19	14.6%
" " 1953	10,714,038.45	1,408,008.93	15.1%
" " -1954	12,485,223.69	1,771,185.24	16.5%
" " -1955	14,068,160.57	1,582,936.88	12.7%
" " -1956	16,385,985.40	2,317,824.83	16.5%

Operating Expenses

Operating Expenses (operation and maintenance combined) amounted to \$8,047,459.56 for the fiscal year, an increase of \$1,405,019.69 or 21.1% over the preceding year.

Included in Total Operating Expenses is the cost of operating Radio Station CKUA which amounted to \$94,033.16 compared to \$89,776.07 last year, an increase of \$4,257.09. Total expenditures by the Alberta Government Telephones on behalf of the radio station since taking over its operation in April 1944, now amounts to \$800,371.00.

Surplus

The net earnings for the fiscal year amounted to \$8,392,591.97. After deducting \$2,520,000.00 as the annual allowance for depreciation and \$1,894,195.97 covering interest on debt, pension fund contribution and other small contingencies, the net surplus amounted to \$3,978,396.00, which is an increase over last year of \$363,641.39, or 10%

Total Telephone Plant

At the end of the fiscal year, the value of the total telephone plant stood at \$76,669,936.75 an increase of \$10,570,738.19 over the preceding year, or 16%.

The following statement shows the Total Telephone Plant,

Operating Revenues and Operating Expenses for each of the last ten fiscal years:-

<u>Fiscal Year Ended</u>	<u>Telephone Plant</u>	<u>Operating Revenue</u>	<u>Operation and Maintenance</u>
Mar. 31-1947	\$ 17,017,874.72	\$ 4,781,961.43	\$ 1,653,202.12
" " -1948	18,799,569.95	5,318,175.51	1,975,191.35
" " -1949	21,467,009.68	6,092,547.83	2,329,975.62
" " -1950	25,650,607.53	6,984,055.29	2,818,178.73
" " -1951	29,586,373.12	8,117,563.33	3,258,812.10
" " -1952	36,516,830.72	9,306,029.52	4,244,978.09
" " -1953	45,562,898.50	10,714,038.45	5,036,360.49
" " -1954	55,652,202.83	12,485,223.69	5,841,925.65
" " -1955	66,099,198.56	14,068,160.57	6,642,439.87
" " -1956	76,669,936.75	16,385,985.40	8,047,459.56

The following figures show the annual net increase in Telephone Plant, Operating Revenues and Telephones in Service for the last ten years:-

<u>Fiscal Year Ended</u>	<u>Net Increase in Plant over Previous Year</u>	<u>Increase in Operating Revenues over Previous Year</u>	<u>Increase in Telephones at End of Year</u>
Mar. 31-1947	\$ 639,628.00	\$ 354,315.00	2,771
" " -1948	1,781,696.00	553,789.00	6,141
" " -1949	2,667,440.00	779,430.00	5,233
" " -1950	4,183,598.00	888,177.00	8,977
" " -1951	3,935,766.00	1,139,776.00	9,025

<u>Fiscal Year Ended</u>	<u>Net Increase in Plant over Previous Year</u>	<u>Increase in Operating Revenues over Previous Year</u>	<u>Increase in Telephones at End of Year</u>
Mar. 31-1952	\$ 6,930,458.00	\$ 1,188,466.00	11,596
" " -1953	9,046,068.00	1,408,009.00	10,964
" " -1954	10,089,304.00	1,771,185.00	16,878
" " -1955	10,446,996.00	1,582,937.00	12,207
" " -1956	<u>10,570,738.00</u>	<u>2,317,825.00</u>	<u>17,989</u>
Total Increase Ten Year Period	<u>\$60,291,692.00</u>	<u>\$ 11,983,909.00</u>	<u>101,781</u>

Reserve for Uncollectible Accounts

Losses for uncollectible accounts amounted to \$27,512.00 during the year or approximately one sixth of one per cent of gross revenue. At the end of the year the reserve stood at \$25,765.00 but on recommendation of the Provincial Auditor an additional allowance of \$26,000.00 will be provided during the current fiscal year.

Special Funds

The Depreciation and Renewal Reserve Fund as at March 31st 1956 amounted to \$1,185,046.35, an increase of \$35,098.52 over the preceding year, all coming from interest.

Telephone Debt

Loans from the Provincial Treasurer for the year 1955-56 amounted to \$7,000,000.00. This is to be repaid over a twenty-five year period and bears an interest rate of 3½%. During the year \$1,403,174.00

was paid to the Provincial Treasurer to reduce the debt principal and \$1,385,818.00 in interest, or a total of \$2,788,992.00. The following schedule shows the standing of the loans at the end of the fiscal year:-

	<u>Original Amount of Loans</u>	<u>Repayments of Principal</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Outstanding Debt Mar. 31, 1956</u>
A-\$18,000,000.00	\$3,481,723.49	\$5,624,057.32	\$9,105,780.81	\$14,518,276.51	
B - 3,000,000.00	3,000,000.00	581,473.20	3,581,473.20	-	
C- 2,000,000.00	290,507.53	288,147.93	578,655.46	1,709,492.47	
D- 5,000,000.00	572,238.97	594,771.79	1,167,010.76	4,427,761.03	
E - 7,000,000.00	591,818.32	641,562.27	1,233,380.59	6,408,181.68	
F - 8,000,000.00	416,335.96	549,229.16	965,565.12	7,583,664.04	
G- 8,000,000.00	204,556.91	310,444.82	515,001.73	7,795,443.09	
H - 7,000,000.00	-	29,342.47	29,342.47	7,000,000.00	
	<u>\$58,000,000.00</u>	<u>\$8,557,181.18</u>	<u>\$8,619,028.96</u>	<u>\$17,176,210.14</u>	<u>\$49,442,818.82</u>

Depreciation and Renewal Reserve

During the year \$2,520,000.00, in monthly appropriations, and \$35,098.52 in interest earnings were added to the Depreciation and Renewal Reserve. In addition, a special allocation of \$3,000,000.00 was made from surplus, making a credit to reserve of \$5,555,098.52. During the same period the total net charges against the reserve for worn and obsolete plant amounted to \$809,804.81, leaving a net advantage to the reserve of \$4,745,293.71. The reserve now stands at \$15,957,498.50 which is 20.8% of telephone plant at the end of the fiscal year.

MISCELLANEOUS

Pension Fund

There were 1,879 employees participating in the Pension Plan at March 31st 1956, an increase of 127 over the previous year, or 7.2%. Of these 972 were male and 907 female.

There were 176 pensioners whose average pension was \$98.11. The amount paid out in pensions during the year totalled \$196,658.20. In addition, upon individual application, the Federal Old Age Pensions were integrated with this Department's pension in the amount of \$41,955.65.

Pension Fund investments at the end of the year amounted to \$5,646,000.00, made up as follows:-

Government of Canada Bonds	- \$ 1,490,000.00 - 26.4%
Provincial Government Bonds	- 2,361,000.00 - 41.8%
Municipal and School District Bonds	- <u>1,795,000.00 - 31.8%</u>
Total Investment	- <u>\$ 5,646,000.00 - 100.0%</u>

In addition, \$118,131.35 was held in cash awaiting investment.

Staff

At March 31st 1956, there were 2,668 regular employees, an increase of 336 over the previous year. Of the total, 1,099 are male

and 1,569 female. In addition, there are 186 salaried agents and 305 commission agents.

The regular payroll for the year amounted to \$7,103,698.42, an increase of \$1,049,177.45 over the preceding year, or 17.3%. In addition to the regular payroll \$623,304.47 was paid to salaried agents and \$75,378.44 to commission agents. The average annual salary paid to regular employees has increased as follows:-

1952 - 53	-	\$ 2,399.00
1953 - 54	-	2,497.00
1954 - 55	-	2,596.00
1955 - 56	-	2,663.00

Employee Payroll Deductions

During the year, the staff contributed through payroll deductions \$5,750.00 to Red Cross and Community Chests.

Savings bonds having a par value of \$172,050.00 were purchased by employees through our payroll deduction plan, an increase of \$17,100.00 over last year.

Appreciation

The Management again values this opportunity to express sincere appreciation to the entire staff for their cooperation and splendid service during another year of unprecedented growth and expansion.

Respectfully submitted,


DEPUTY MINISTER OF TELEPHONES

COMMERCIAL

CONDENSED STATION REPORT - Year ended March 31st 1956.

Exchange Subscribers' Stations	114,194
Exchange Subscribers' Extensions	16,329
Exchange P.A.X. Sub-Stations	4,190
Exchange P.B.X. Sub-Stations	10,889
Pay Stations	1,113
Toll Stations	177
Private A.B. Line Stations	258
A.G.T. "X" Line Stations	<u>1,225</u>

Total Alberta Government Telephones Stations 148,375

Number of Rural Mutual Telephone Company and other Private
Owned Party Line Stations 27,669

STATEMENT OF EXCHANGE & TOLL OFFICES IN THE PROVINCE

Year ended March 31st 1956.

Number of Alberta Government Telephones Exchanges -	379
Number of Alberta Government Telephones Toll Offices-	177
Number of Alberta Government Telephones Exchange Stns-	146,973
Number of Alberta Government Telephones "X" Line Stns -	<u>1,225</u>

148,375

Number of Rural Mutual Telephone Companies	-	884
Number of Rural Mutual Telephone Company Stns	-	27,669
Number of Connecting Exchanges - Edmonton	-	1
Number of Connecting Exchange Stations	-	<u>75,043</u>

251,087

PLANT

TOLL WORK UNDERTAKEN AND COMPLETED

April 1st 1955 to March 31st 1956.

Constructed

Toll Pole Miles	133
Wire Miles	1,610

Rebuilt

Toll Pole Miles	52
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EXCHANGES REBUILT

Completely rebuilt	4
Partially rebuilt	7

NEW EQUIPMENT INSTALLED DURING YEAR

April 1st 1955 to March 31st 1956.

Automatic	18,580 Lines
Common Battery	340 "
Magneto	1,837 "

STATISTICS

Number of Automatic Exchanges	43
" " Common Battery Exchanges....	6
" " Magneto Exchanges	320
" " Remote Control Exchanges	9

Miles of Poles

Exchange	890.7
Toll	<u>5,957.0</u>

6,847.7 Miles

Miles of Wire

In Underground Cable	166,115
In Aerial Cable	161,659
Open Wire	<u>80,435</u>

Total	<u>408,209 Miles</u>
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General Statistics for Year Ending March 31st, 1956.

Traffic Payroll Offices	46
Offices giving Continuous Service	177
Toll Centers	81
Tributary Offices	475
Number of Cities, Towns & Hamlets in Alberta having Telephone Connection	1,119
Number of "Out" Tickets Completed and Billed	10,681,658
Offices using Teletype for Departmental Business	8
Number of Physical L.D. Lines	616
" " Phantom " " "	142
" " part-Phantom & part-Physical L.D. Lines	16
" " Carrier L.D. Lines	545
" " Combined Carrier & Physical or Phantom L.D. Lines ...	16
" " Telegraph & Teletype Circuits	12
" " Spare Facilities Equipped	27
Physical L.D. Circuit Mileage	27,812.8
Phantom " " " "	5,215.9
Part Physical, part-Phantom Circuit Mileage	816.5
Carrier L.D. Circuit Mileage	73,759.6
Combined Carrier & Physical or Phantom Circuit Mileage ..	2,791.9
Telegraph & Teletype Circuit Mileage	2,949.1
Spare Facilities Circuit Mileage	716.8

Physical L.D. Lines	11
Carrier " " "	45
Physical L.D. Circuit Mileage	1,726.2
Carrier " " " "	10,449.6
Telegraph & Teletype Circuit Mileage (leased facilities connecting to A.G.T. circuits).....	3,815.5

Physical L.D. Lines	8
Phantom " " "	2
Part-Physical & part-Phantom L.D. Lines	2
Carrier L.D. Lines	16
Telegraph & Teletype Circuits	101
Physical L.D. Circuit Mileage	182.3
Phantom " " " "	93.6
Part-Physical & part-Phantom Circuit Mileage	115.4
Carrier L.D. Circuit Mileage	4,464.6
Telegraph & Teletype Circuit Mileage	30,421.1

GOVERNMENT OF THE PROVINCE OF ALBERTA
OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 12, 1956.

Honourable Gordon E. Taylor,
Minister of Telephones,
Buildings.

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1956. The following statements are submitted herewith:

<u>Statement</u>	<u>Particulars</u>
A.	Balance Sheet
B.	Condensed Statement of Income
C.	Surplus Account
D.	Depreciation and Renewal Reserve
	Alberta Government Telephones Pension and Death Benefit Fund:
E.	Balance Sheet
F.	Statement of Operations

Operations for the year resulted in a net income of \$3,978,396.00 after providing \$1,458,273.09 for debt charges, \$2,520,000.00 for depreciation and renewal reserve and \$94,033.16, being the net operating costs in respect of radio station CKUA. The net income was carried to the surplus account from which was appropriated \$3,000,000.00 for the depreciation and renewal reserve and \$1,321,912.87 for acquirement of capital assets, leaving a net balance in the surplus account of \$3,556,734.06 as at March 31, 1956.

The allowance for doubtful accounts, \$25,765.56, appears inadequate for its purpose and should be increased by a further provision of \$26,000.00.

Pension and death benefit fund assets are subject to the comments contained in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones have the following estimated contingent liabilities which were not reflected on the Balance Sheet as at March 31, 1956:

In respect of commitments for purchase of equipment for future delivery	\$10,611,923.44
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In respect of uncompleted building contracts	987,421.00
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Subject to the foregoing, I certify that, in my opinion, the accompanying Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones as at March 31, 1956, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones, and the accompanying Condensed Statement of Income correctly sets forth the result of operations for the year ended at that date.

C.K. Huckvale, F.C.A.
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

BALANCE SHEET AS AT MARCH 31, 1956

ASSETS

Capital:

Telephone plant:

Real estate	\$ 9,445,463.09
Equipment	33,080,725.53
Exchange lines	16,228,960.10
Toll lines	16,424,226.51
Office furniture and fixtures	619,281.76
Tools, vehicles and sundry equipment	740,522.36
Deferred construction charges	<u>130,757.40</u>

\$ 76,669,936.75

Materials and supplies

3,378,462.58

\$ 80,048,399.33

Current:

Cash on hand and in bank	\$ 2,677,019.10
Accounts receivable less allowance for doubtful accounts	1,998,993.22
Prepaid expenses	<u>175,661.96</u>

4,851,674.28

Reserve funds:

Depreciation and renewal reserve assets, Statement D	\$ 1,185,046.35
Pension and death benefit fund, Statement E	<u>5,822,062.14</u>

7,007,108.49

Trust funds:

Cash in bank	\$ 464.95
Government of Canada bonds	<u>173,873.52</u>

174,338.47

\$ 92,081,520.57

LIABILITIES

Capital:

Advance from Provincial Treasurer		\$ 49,442,818.82
Capital surplus arising from capital assets acquired from revenue funds		15,833,128.36
Depreciation and renewal reserve invested in plant		<u>14,772,452.15</u>
		\$ 80,048,399.33

Current:

Accounts payable	\$	412,604.48	
Accrued interest, not due		507,690.17	
Unearned revenue		<u>374,645.57</u>	
			1,294,940.22

Reserves:

Depreciation and renewal reserve	\$	15,957,498.50	
Less: Investment in plant		<u>14,772,452.15</u>	
	\$	<u>1,185,046.35</u>	
Pension and death benefit reserve		<u>5,822,062.14</u>	
			7,007,108.49

Surplus as per Statement C

3,556,734.06

Trust:

Employees' accounts	\$	100,937.59	
Government of Canada bond instalments payable		<u>73,400.88</u>	
			174,338.47

\$ 92,081,520.57

This is the Balance Sheet referred to in my report of July 12, 1956, addressed to the Minister of Telephones.

C.K. Huckvale, F.C.A.
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1956

Telephone operating revenue:

Exchange earnings		\$ 5,916,617.89
Connecting companies' rentals		197,402.76
Toll earnings	\$ 10,775,432.03	
Less: Toll interchange	<u>1,749,301.42</u>	
		9,026,130.61
Teletype		<u>526,081.68</u>
		\$15,666,232.94

Other revenue:

Installations, moves, etc.	\$ 222,293.61	
Directory	218,726.03	
Leased line rentals	208,221.39	
Miscellaneous	<u>124,577.56</u>	
		773,818.59

Gross telephone earnings \$16,440,051.53

Telephone operating expenses:

Operations	\$5,952,926.09	
Maintenance	<u>2,094,533.47</u>	
		\$ 8,047,459.56

Provision for depreciation and renewal 2,520,000.00

Debt charges:

Interest on debt	\$1,454,798.81	
Commission and exchange	<u>3,474.28</u>	
		1,458,273.09

Pension fund contributions 435,922.88

12,461,655.53

Net operating income for the year ended March 31, 1956

\$ 3,978,396.00

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

SURPLUS ACCOUNT

AS AT MARCH 31, 1956

Surplus as at April 1, 1955		\$ 3,900,250.93
Add:		
Net operating income for the year ended March 31, 1956		<u>3,978,396.00</u>
		\$ 7,878,646.93
Deduct:		
Appropriation to depreciation and renewal reserve	\$ 3,000,000.00	
Appropriation for acquirement of capital assets	<u>1,321,912.87</u>	<u>4,321,912.87</u>
Surplus as at March 31, 1956		<u><u>\$ 3,556,734.06</u></u>

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

DEPRECIATION AND RENEWAL RESERVE

FOR THE YEAR ENDED MARCH 31, 1956

Reserve as at April 1, 1955		\$ 11,212,204.79
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Add:

Provision during the year	\$ 2,520,000.00	
Appropriation from surplus account	3,000,000.00	
Interest earnings	<u>35,098.52</u>	
		<u>5,555,098.52</u>

\$ 16,767,303.31

Deduct: Charges to reserve:

Plant displaced, net	\$ 500,161.60	
Cost of removing plant	123,684.94	
Supervision, engineering and other associated costs chargeable to reserve	105,314.97	
Sundry equipment replaced, net	36,317.63	
Obsolete, worthless equipment and supplies written off	17,379.18	
Profit on disposition of buildings, etc.	10,780.32	
Inventory adjustment	6,623.22	
Loss on sale of lines	1,982.20	
Other charges to reserve, net	<u>29,121.39</u>	
		<u>809,804.81</u>

Reserve as at March 31, 1956		<u>\$ 15,957,498.50</u>
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Represented by:

Cash in bank	\$ 19,543.13	
Investments:		
Government of Canada bonds, par value (Market value \$1,123,000.00)	1,160,000.00	
Accrued interest	<u>5,503.22</u>	
		\$ 1,185,046.35

Plant investment		<u>14,772,452.15</u>
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\$ 15,957,498.50

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1956

ASSETS

Cash on hand and in bank	\$ 118,131.35
Investments at book value	5,646,000.00
Accrued interest	<u>57,930.79</u>
	<u>\$ 5,822,062.14</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:		
Employees' accounts	\$ 1,353,822.72	
Alberta Government Telephones' account	<u>4,419,328.44</u>	
		\$ 5,773,151.16
Undistributed earnings		<u>48,910.98</u>
		<u>\$ 5,822,062.14</u>

Edmonton, Alberta
July 12, 1956

I have audited the books and records of the Alberta Government Telephones' Pension and Death Benefit Fund for the year ended March 31, 1956.

Investments as at March 31, 1956, were verified by actual examination and are summarized hereunder:

<u>Bonds and debentures</u>	<u>Par value</u>
Government of Canada	\$ 1,490,000.00
Provincial, direct and guaranteed	2,361,000.00
Municipal	1,595,000.00
School districts	<u>200,000.00</u>
	<u>\$ 5,646,000.00</u>

The approximate market value of the above securities amounted to \$5,325,000.00 as at June 29, 1956.

An actuarial survey as at December 31, 1954, indicates that the Fund, as presently constituted, will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1956, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of operations correctly summarizes the transactions for the year ended at that date.

C.K. Huckvale, F.C.A.
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1956

	<u>Employees'</u> <u>Account</u>	<u>Alberta</u> <u>Government</u> <u>Telephones'</u> <u>Account</u>	<u>Total</u>
Pension and death benefit fund reserve as at April 1, 1955	\$ 1,181,674.94	\$ 4,025,368.71	\$ 5,207,043.65
Add: Contributions and earnings allocated for the year:			
Contributions	273,139.26	437,022.81	710,162.07
Earnings	33,913.74	147,750.78	181,664.52
Transfers in respect of employees retiring on pension	47,799.99	47,799.99	
	<u>\$ 1,440,927.95</u>	<u>\$ 4,657,942.29</u>	<u>\$ 6,098,870.24</u>
Deduct:			
Withdrawals	\$ 87,105.23	\$	\$ 87,105.23
Pension payments		238,613.85	238,613.85
	<u>\$ 87,105.23</u>	<u>\$ 238,613.85</u>	<u>\$ 325,719.08</u>
Pension and death benefit fund reserve as at March 31, 1956	<u>\$ 1,353,822.72</u>	<u>\$ 4,419,328.44</u>	<u>\$ 5,773,151.16</u>



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